



FINANCE AND ADMINISTRATION CABINET

Ernie Fletcher
Governor

NEWS FROM KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

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FOR IMMEDIATE RELEASE

Governor's Tax Modernization Plan Offers Relief for College Tuition

Frankfort, Kentucky (April 15, 2005) – Governor Ernie Fletcher's tax modernization plan passed by the 2005 session of the Kentucky General Assembly provides a state income tax credit of up to \$500 for qualified tuition or related expenses for enrollment at an eligible Kentucky postsecondary institution.

Beginning with Kentucky tax returns for 2005, Kentuckians may deduct a credit of 25 percent of the federal Hope or Lifetime Learning Credits up to \$500 for tuition or related education expenses for them, their spouse, or other dependents. To take advantage of the state tax credit, the tuition or other expenses must be for undergraduate enrollment at an eligible Kentucky higher education institution that qualifies for participation in federal Title IV student financial aid programs.

For married individuals to claim the tax credit, they must file a joint return or file separately on a combined form.

Because the tax credit is nonrefundable, any unused portion of the credit may be carried forward for up to five years.

"Tax relief for Kentucky families struggling to meet the rising cost of postsecondary education couldn't come at a better time. The governor and legislature should be commended for helping families pay for college," said Dr. Joe L. McCormick, Executive Director of the Kentucky Higher Education Assistance Authority (KHEAA). KHEAA is the state agency that administers need-based grants, merit-based Kentucky Educational Excellence Scholarships (KEES), Federal Family Education Loans, and other programs to help Kentucky students pay higher education expenses.

For questions about eligible Kentucky colleges and universities, visit www.kheaa.com. For questions about the tax credit, check for updates on the Department of Revenue's webpage www.revenue.ky.gov/TaxModernization/.

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